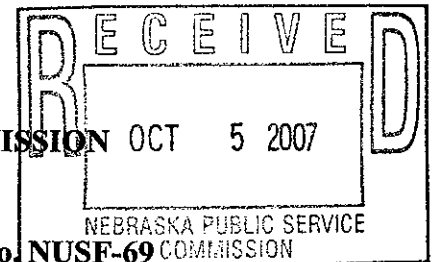


BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION



IN THE MATTER OF THE NEBRASKA)
PUBLIC SERVICE COMMISSION, ON)
ITS OWN MOTION, SEEKING TO)
IMPLEMENT POLICIES AND)
PROCEDURES RELATED TO PROVIDING)
DEDICATED UNIVERSAL SERVICE)
SUPPORT FOR WIRELESS)
TELECOMMUNICATIONS SERVICES.)

Application No. **NUSF-69**
PROGRESSION ORDER NO. 2

**REPLY COMMENTS OF N.E. COLORADO CELLULAR, INC.
d/b/a VIAERO WIRELESS**

N.E. Colorado Cellular, Inc., d/b/a Viaero Wireless ("Viaero") by counsel and pursuant to the Nebraska Public Service Commission's (the "Commission") Order Seeking Comment entered July 24, 2007 in the above-captioned proceeding (the "Order") hereby respectfully submits the following Reply Comments in response to comments filed by the Rural Independent Companies (the "Companies"), the Nebraska Telecommunications Association ("NTA"), United Telephone Company of the West d/b/a Embarq ("Embarq"), and Qwest Corporation ("Qwest"):

I.

**THE COMMISSION SHOULD NOT LIMIT FUNDING TO A
SINGLE NETC WIRELESS PROVIDER NETWORK**

None of the commenting parties has provided any plausible justification for limiting the availability of NUSF support in a given area to a single wireless provider. The purpose of universal service is to provide rural consumers with an array of high-quality, affordable telecommunications services comparable to those available in urban areas. It is not intended to create and preserve monopoly, whether wireline or wireless – and it is not intended to accord a decisive advantage to one carrier by categorically disqualifying its competitors. Indeed, the FCC

has held that a state fund poses a “barrier to entry” if a new entrant does not have access to universal service support while its main competitor does.¹

The Companies provide no persuasive grounds to believe that providing funds to more than one wireless carrier in an area would impose “too great” a cost on the NUSF and consumers.² No party has provided any data to suggest that designating more than one wireless carrier to receive funding would burden the NUSF. Indeed, if support is paid on a portable, per-line basis—the methodology used under the current federal rules, and which Viaero advocates using in Nebraska—the NUSF will be self-limiting. This is because the federal high-cost mechanism does not support multiple redundant competitive networks.

Embarq’s admonition against using NUSF funds “to support more than one network” is unfounded.³ If support to competitors is portable on a per-line basis, a wireless NETC will receive support only if it gets a customer as a result of having made investments in network infrastructure. When a competitive carrier gets a customer, it gets support; when it loses a customer, it loses support. Thus, in any given area the amount of support available to competitors is fixed by the number of customers there. Under such a system, it matters little how many NETCs are designated in a particular area because support will go to with the customer. This permits new competitors to enter and capture customers. The playing field is level for all competitors – and consumers benefit because they choose the services they want, and support goes with them.

This is not how it works for ILECs, who receive the same level of support, even when they lose customers. Even in Iowa, which has more than *sixty* CETCs, the total support received

¹ *In the matter of Western Wireless Corp. Petition for Preemption of Statutes and Rules Regarding the Kansas State Universal Service Fund Pursuant to Section 253 of the Communications Act of 1934, Memorandum Opinion and Order*, 15 FCC Rcd 16227, 16231 (2000) (“*Kansas USF Preemption Order*”).

² See Companies’ Comments at pp. 6-7.

³ See Embarq Comments at p. 4.

by CETCs is significantly lower than that received by the ILECs in that state. The picture is the same around the country: in ILEC areas where there are five, six, even a dozen CETCs, the total CETC support comes nowhere near that received by the ILEC serving the same area. This is because the CETCs must fight for support and the customer.

The Companies' emphasis on the recent set of "principles" issued by the Federal-State Joint Board on Universal Service ("Joint Board") is misplaced. The Joint Board's "principles" have not been adopted by the FCC, or even subjected to public comment. The Joint Board itself was careful to note that it had only "tentatively" arrived at those principles. Moreover, nowhere in its statement does the Joint Board advocate limiting the number of ETCs in a given area. Indeed, the idea of "cost control" is a welcome one, and could manifest itself in a number of ways, including mandatory disaggregation of rural ILEC support; a transition to an efficient-cost methodology for rural ILECs; or full portability such that ILECs lose support when a line is competed away.⁴ Any system adopted here in Nebraska must not permit carriers to continue to get support as they lose customers.

Similarly, the Companies erroneously rely on the Commission's current policy of designating only one ETC in a given area absent a demonstration that a second ETC is in the public interest. That policy is identical to that of the FCC and virtually every other state commission in the country, all of whom require a public interest finding before designating a competitive ETC for a given service area. At no point has the Commission expressly limited the NUSF to one ETC per service area – indeed, a decision to do so would be subject to federal preemption.⁵

⁴ We note that by arguing against the "diversion" of support away from ILECs, Embarq seeks to avoid a significant cost control measure. See Embarq Comments at p. 2.

⁵ See *Kansas USF Preemption Order*, *supra*, 15 FCC Rcd at 16231.

Market forces, in addition to the structure of the federal high-cost mechanism, operate as a very effective limiting factor and will provide a natural cap on NETC support. Placing artificial limitations on the number of wireless NETCs in a given area will only serve to cause pockets of weak or nonexistent wireless service to persist, to the detriment of rural consumers and contrary to the purposes of the 1996 Telecommunications Act.

II.

REVERSE AUCTIONS SHOULD *NOT* BE USED FOR THE DISTRIBUTION OF NUSF SUPPORT IN RURAL AND HIGH COST AREAS

As discussed in Viaero's initial comments, limiting universal service support to only one competitive provider, and presumably compensating that provider for the cost of constructing an entire network, would not result in less support being paid out than a system of providing per-line support based on the costs of constructing an efficient network, to any number of carriers, using any technology that can deliver the supported services and willing to compete. Any system that limits support to one carrier—whether through the use of reverse auctions, “beauty contest” proceedings, or other methods of selection—would frustrate the federal universal service principle that rural consumers deserve similar choices in services *and service providers* as are available in urban areas. 47 U.S.C. Section 254(b)(3).

The use of reverse auctions would be neither appropriate nor competitively neutral as a means for determining which wireless carriers receive NUSF support. By definition, any system which provides one market participant with public funding and systematically excludes all other competitors (and potential competitors) cannot be competitively neutral. Moreover, reverse auctions would not be an effective means to select the carrier that can most efficiently and capably serve a given area. It is highly unlikely that an auction would produce efficient results

because none of the wireless bidders would possess sufficient information about the future costs of their infrastructure deployment to fashion informed bids. Thus, there could be no assurance that the lowest bidder would receive sufficient support over the auction term to be able to compete effectively against the incumbent and provide services to rural customers that are reasonably comparable to services available in urban areas. ILECs have consistently opposed the use of reverse auctions despite the fact that their networks are fully constructed and their future capital needs can be much more accurately estimated compared to wireless companies, that have immature networks subject to significant capital investments in rural areas.

III.

THE COMMISSION SHOULD UTILIZE THE METHOD CURRENTLY USED UNDER ITS NUSF RULES TO DETERMINE WHICH AREAS ARE ELIGIBLE FOR WIRELESS NUSF SUPPORT

The Commission's current system for determining supported areas for the NUSF is effective and the same methodology should be used with respect to wireless NETCs. As Embarq argues in its comments, "there is no need to reinvent the wheel by creating a second model for the dedicated wireless fund."⁶ The current NUSF methodology, which is largely based on population density, effectively targets support to the more rural areas in the state. Because low population density means a wireline carrier is unlikely to generate sufficient subscriber revenues to fund the construction, operation and maintenance of facilities, these areas are typically the more costly areas for wireless carriers to serve as well. Therefore, the most efficient, effective means of distributing support would be to allow wireless ETCs to access the same support on a per-line basis as that received by the ILEC in the particular area.

⁶ Embarq Comments at p. 6.

Viaero agrees with NTA and the Companies that a dedicated wireless fund should encourage infrastructure development primarily in unserved and underserved areas.⁷ Viaero also agrees with Embarq that the most effective way to accomplish this goal is to require all wireless NETCs to demonstrate how they will use support to bring service to unserved and underserved areas.⁸ As an ETC receiving federal high-cost support in Nebraska, Viaero understands the need to report on plans for using support, and to update those plans during each annual certification. These same procedures should apply to wireless NETCs to ensure support from the NUSF is used properly.

The Commission should reject the suggestion by Embarq and the Companies that a dedicated wireless fund should give priority to areas with the highest vehicular traffic.⁹ Even if used in conjunction with low population density, any distribution scheme that accords priority to heavily traveled roads would be misguided because wireless carriers generally have a strong incentive to provide service to main roads and highways. Instead, the Commission should simply use the current system, which would pay support to wireless NETCs based on customers served in sparsely populated areas. Wireless carriers should have the appropriate flexibility to invest support along roads when it would not otherwise make economic sense to cover the particular stretch of roads, or away from major roads altogether in order to cover small towns.

In sum, the current methodology for determining areas in which to pay support should be used for the dedicated wireless fund.

⁷ See NTA Comments at p. 3; Companies' Comments at p. 4.

⁸ See Embarq Comments at pp. 6-7.

⁹ See NTA Comments at pp. 3-4; Companies' Comments at p. 8.

IV.

THE COMMISSION SHOULD *NOT* CONSIDER THE TYPE OF WIRELESS TECHNOLOGY BEING DEPLOYED IN DETERMINING APPROPRIATE ALLOCATION OF NUSF SUPPORT

Viaero believes the availability of NUSF support to carriers using diverse technological platforms is crucial to competitive and technological neutrality. Consistent with this principle, no party has expressly advocated that the type of wireless technology be considered in determining appropriate allocation of NUSF support.

Viaero has no problem with the notion that ETCs should be required to demonstrate the provision of high-quality telecommunications and customer service. ETCs receiving federal USF support in Nebraska are already required to certify that they comply with the disclosures and practices set forth in the CTIA Consumer Code for Wireless Service. Viaero also agrees that wireless propagation maps—which are already required as part of an ETC’s annual update of its federal USF service quality improvement plans—are useful for the determination of where support should properly be invested.

However, Viaero urges the Commission to reject the various attempts by ILEC commenters to use the concept of a dedicated wireless fund to impose restrictive and unnecessary conditions on the receipt of support by wireless carriers. The Companies go so far as to ask the Commission to require wireless NETCs to “share towers and to submit to Commission oversight of roaming charges” and to submit to the Commission’s rate of return rules.¹⁰

The latter two are rate regulation on their face, and as such would be preempted by federal law. 47 U.S.C. Section 332(c). With respect to the sharing of facilities, there is simply no justification for imposing ILEC-style network-opening requirements on wireless carriers that

¹⁰ See *id.* at pp. 13-14.

must operate in an intensely competitive environment. Section 251 of the Act imposed a number of network opening requirements on monopoly ILECs, not on carriers in competitive markets. Moreover, no party has provided any evidence whatsoever that wireless carriers in Nebraska or anywhere else are refusing collocation or imposing onerous terms on competitors seeking to collocate on a tower.

The Companies' wish list goes on to request unspecified "specific E911 requirements," wireless "network neutrality" requirements, and prohibitions on early termination charges. None of these requirements has anything to do with the goals of universal service. Moreover, each would frustrate the federal regulatory objective of avoiding a patchwork of regulations from state to state, and some would constitute prohibited wireless rate regulation. Should the Commission wish to explore possible measures to address service quality or trade practices of various types of carrier, it should do so in a rulemaking dedicated to that task, and decline to follow the haphazard "back door" regulatory model advocated by the Companies.

V.

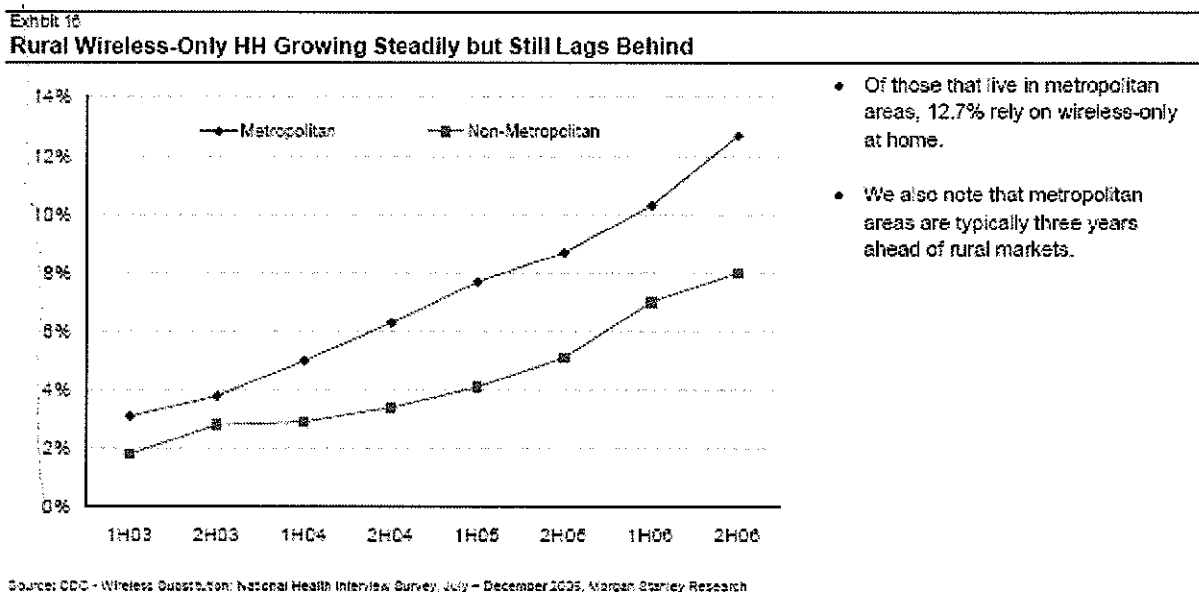
CONCLUSION

This Commission's challenge is to adopt rules that work with competition, not impede it. Wireless is thriving in the cities, large towns, and major highways. Without a universal service program that promotes a level playing field, competitors are going to be shut out of the most rural parts of Nebraska.

Such a result would be disastrous for consumers, because according to a recent report by Morgan Stanley, wireless substitution is accelerating the fastest in urban areas.¹¹ As many as 40% of all households may be without a wireline phone in just five years. Driving the acceleration is service quality in urban areas. Put simply, once dead spots are filled in,

¹¹ A copy is attached for the Commission's reference.

consumers choose mobility. The chart below, taken from the report, illustrates the extent to which rural areas trail urban areas in wireless substitution:



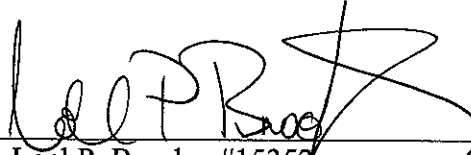
If wireless carrier entry in rural Nebraska is impeded because funds are not available to fill in dead spots, then rural consumers will be denied what the 1996 Act promised – comparable services to those available in urban areas. Moreover, support to wireline carriers, which is not reduced when they lose consumers, will be grossly overfunded. That is, if 40% of Nebraska consumers choose wireless as their primary means of voice communications service, then the universal service system should provide roughly 40% of all available support to those networks.

In sum, support must flow with consumer choices and any policy that impedes this principle harms the very consumers that universal service support is intended to assist.

Respectfully submitted this 5th day of October, 2007.

**N.E. COLORADO CELLULAR, INC.,
d/b/a VIAERO WIRELESS**

By



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 5th day of October, 2007, an original, five copies and an electronic copy of the Reply Comments of N.E. Colorado Cellular, Inc., d/b/a Viaero Wireless, in Application No. NUSF-69, Progression Order No. 2 were hand delivered to:

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Acting Executive Director
Nebraska Public Service Commission
1200 "N" Street, Suite 300
Lincoln, NE 68509-4927

Jeff Pursley, Director
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Nebraska Public Service Commission
1200 "N" Street, Suite 300
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and a true and correct copy of the Reply Comments of N.E. Colorado Cellular, Inc., d/b/a Viaero Wireless in Application No. NUSF-69, Progression Order No. 2 were sent by electronic mail and by regular U.S. mail on the 5th day of October, 2007, addressed as shown below to the following:

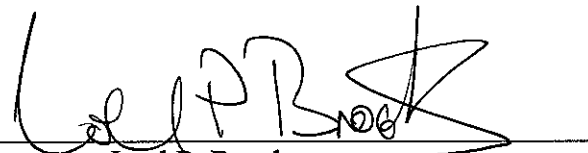
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Loel P. Brooks

September 27, 2007

Telecom Services

Cutting the Cord: Wireless Substitution Is Accelerating

Wireless substitution could reach almost one-third of households by 2012, up from 13% now. The rural wireline carriers and Qwest are most exposed given their lack of wireless assets, while AT&T and Verizon are hedged. The tower companies, Leap, and Metro PCS are among those best positioned to benefit from substitution.

New analysis dimensions demographics and geographies of the change: In this report we analyze the growing phenomenon of US households going wireless only. At the end of 2006, an estimated 13% of US households had cut the cord, according to the National Health Interview Survey. We forecast that another 21 million households will go wireless only over the next five years, reaching 32% of households. We find that this trend is prevalent and accelerating across most demographic profiles, but is most pronounced among the young and lower income groups. More than 50% of households containing unrelated adults have cut the cord, according to recent data. We believe this phenomenon is driven by improved wireless coverage and better pricing and will be supported by new handsets and new wireless technologies, such as Unlimited Mobile Access (UMA) and femtocells. These technologies allow for voice transmission over Wi-Fi connections.

Steep access line decline underway: Our base case forecast implies that access lines in service will fall by an average of 3.5 million lines per year over the next five years as a result of wireless substitution alone. This will likely combine with cable competition to keep industry line loss in excess of 5% per year. Even where the access line remains, more and more traffic will run on wireless networks, reducing switched access revenues.

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Telecom Services: Wireless Data: Just Getting Started Simon Flannery / Vance Edelson / Sean Ittel / Daniel Gaviria	Sep 11, 2007
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Telecom Services: Bells Appear Well-Positioned to Weather Credit Pressures on Pens Simon Flannery / Daniel Gaviria	Aug 23, 2007
Telecom Services: Look for Buybacks to Accelerate Simon Flannery / Vance Edelson / Daniel Gaviria / Sean Ittel	Aug 1, 2007

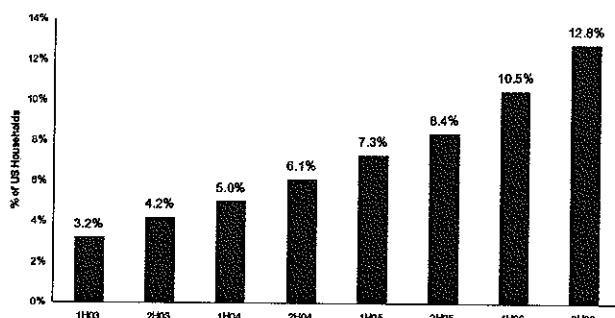
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For analyst certification and other important disclosures, refer to the Disclosure Section.

Investment Case

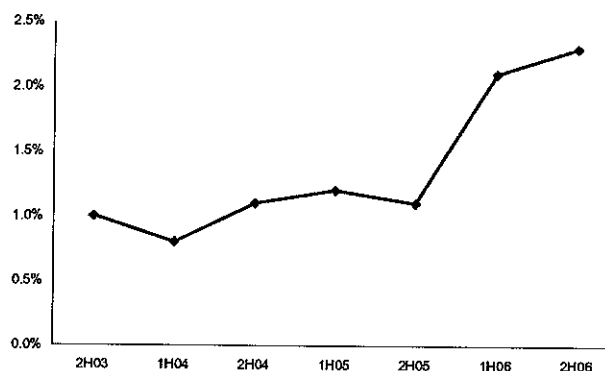
How Many Have Cut the Cord?

1 in 8 Households Have Cut the Cord



Source: CTIA's Wireless Industry Indices, Morgan Stanley Research

Substitution Picking Up Steam Incrementally



Source: CTIA's Wireless Industry Indices, Morgan Stanley Research

Key Findings:

- New technology and economic considerations continue to lead to increased wireless substitution.
- Almost one-third of households will have cut the cord by 2012.
- All of the parts of the following categories are cutting the cord more:
 - Household Structure:** Unrelated adults without children lead this category with 54% penetration.
 - Household Ownership:** Those who rent have cut the cord more than those who own their homes.
 - Age:** 18-29 year olds rely solely on their wireless devices more than any other age group.
 - Job Status:** Students in college are more likely to live in wireless-only households than any other profession.
- Location:** Substitution is more prevalent among urban residents than of rural ones.
- Ethnic Group:** Hispanics and African-Americans are more likely to live in wireless only households.
- Poverty Status:** Cutting the cord has increased dramatically amongst those considered poor.

Exhibit 1

Pure Wireless Play Is Most Positively Impacted

	Positive	Negative	Mixed
Primary	LEAP PCS	Q EQ	Bells T VZ
Secondary	S USM Towers	RLECs	CBB Telus

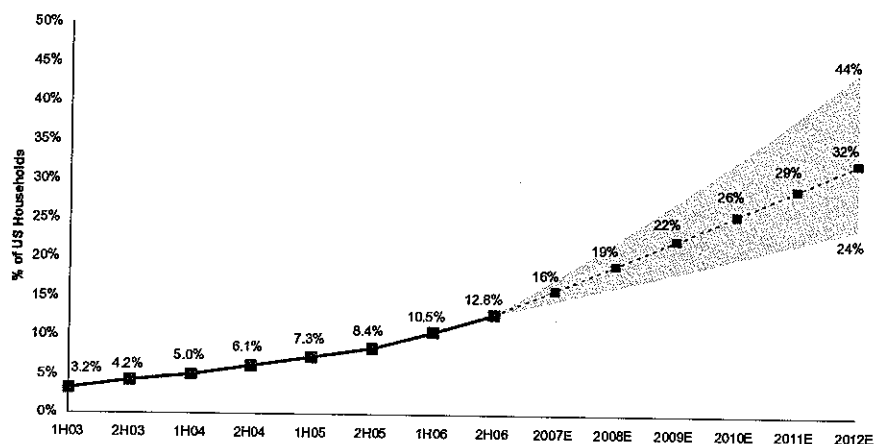
Source: Morgan Stanley Research

Forecast/Scenario Analysis

Where Are We Headed?

Exhibit 2

Nearly One-Third of Homes Become Wireless-Only in Base Case



Key Assumptions

- The US HH structure will remain relatively constant over the next five years.
- Wireless substitution will increase as a function of household structure proportions (see Exhibit 12)
- Substitution data from other countries has shown the extent to which this trend can penetrate.

Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, Morgan Stanley Research

Exhibit 3

Scenario Summaries

Bull Case	Wireless substitution is widespread Wireless-Only HH reach 44% by 2012 based on an almost fully penetrated unrelated adults segment.
Base Case	Wireless substitution continues modestly Wireless-Only HH reach 32% by 2012 based on significant growth in substitution from adults living alone.
Bear Case	Wireless substitution picks up slowly Wireless-Only HH reach 24% by 2012 based on lagging uptake across all sectors.

Exhibit 4

Wireless-Only Household Projection for 2012

	2006 Wireless-Only HH		2012		
		BEAR	BASE	BULL	
unrelated adults, no children	54.0%	70%	80%	90%	
adult living alone	18.2%	30%	40%	50%	
adult(s) with children	10.5%	20%	25%	35%	
related adults, no children	8.5%	15%	25%	40%	
	% of Total US HH				
unrelated adults, no children	2.8%	4.1%	4.7%	5.3%	
adult living alone	4.4%	8.2%	10.9%	13.7%	
adult(s) with children	2.9%	6.3%	7.8%	11.0%	
related adults, no children	2.7%	5.3%	8.9%	14.2%	
Total Wireless-Only HH	12.8%	23.9%	32.3%	44.1%	
implied avg. line loss (million/yr)		2.0	3.5	5.7	

Source: Morgan Stanley Research

Exhibit 5

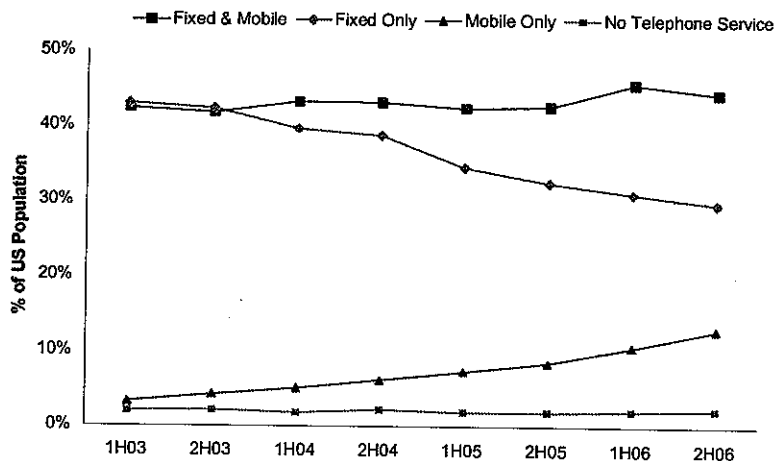
Rewards Outweigh the Risks

Why?	New Technologies <ul style="list-style-type: none"> T-Mobile HotSpot@Home [UMA] Sprint Airave [femtocell] 	Convenience <ul style="list-style-type: none"> Using one phone for all calls All-In-One Products: contacts, calendar, music, internet access, etc.
	Product Driven Consumers <ul style="list-style-type: none"> Apple iPhone RIM Pearl RIM Curve 	Costs <ul style="list-style-type: none"> More attractive pricing per minute for mobile solutions vs. fixed alternatives Broadband and wireless bundles (no landline required)
Why Not?	Signal Quality <ul style="list-style-type: none"> Dead spots in rural areas Dropped calls 	Reliability <ul style="list-style-type: none"> Emergency Services – Difficult to pinpoint location Home alarm systems often require landlines Battery life of wireless phones

Source: Morgan Stanley Research

Exhibit 6

Close to 15 Million Wireless-Only Homes, Up 22% from 1H06

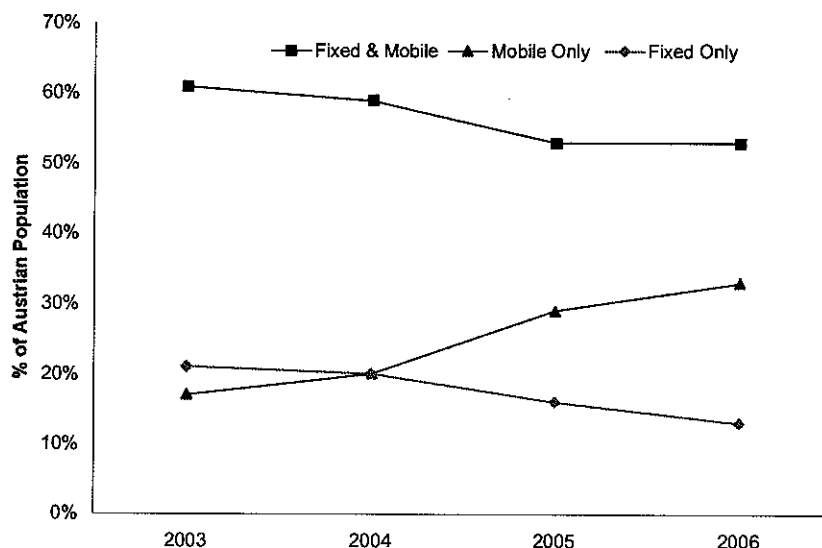


Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, Morgan Stanley Research
Note: Landline and non-landline households with unknown wireless telephone status are not included (~11% of HH in 2006).

- The move towards wireless-only homes stems from a migration away from a fixed-only household.
- There is still more room for US wireless substitution to mature as line loss continues to slow.
- Although the number of wireless-only households are increasing, the number of households without any telephone service remains relatively stable around 2%

Exhibit 7

Austrian Wireless-Only HH at 30% and Still Growing

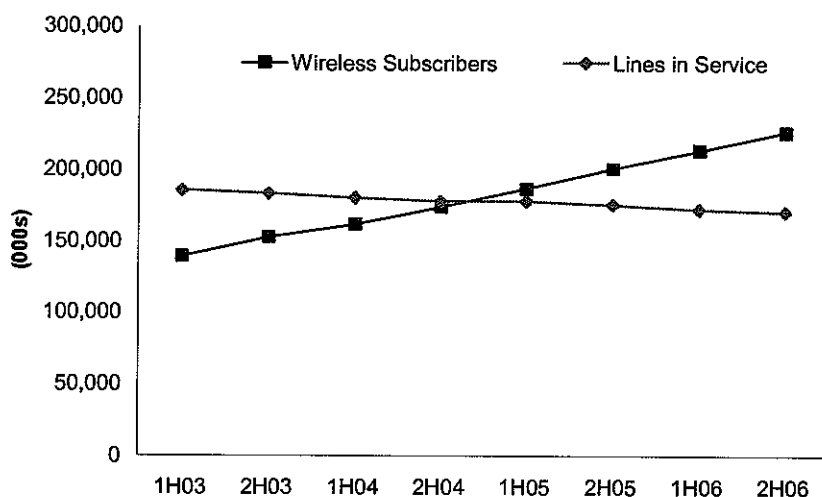


Source: Morgan Stanley Research

- Austria, where wireless substitution is near the highest levels in Europe, has 33% of homes that are wireless-only.
- The presence of four 3G competitors for a population of 8 million people has been a catalyst to the wireless-only migration.
- Mobile broadband has been discounted to 20 euros, while fixed broadband costs around 35 euros for similar effective speeds.

Exhibit 8

US Wireless Subs Grow as Lines in Service Falls



Source: CTIA Wireless Industry Indices Year-End 2006 Morgan Stanley Research
Leap Wireless International, Inc -Bank of America 2007 Annual Investment Conference

- Another indication of the growing trend of wireless substitution is evident in the growth of the number of wireless subscribers relative to the number of lines in service.
- A significant consequence of increasing subscriber growth is shown by LEAP, which notes that over 60% of their customer base uses its phones as their only phone.

Exhibit 9

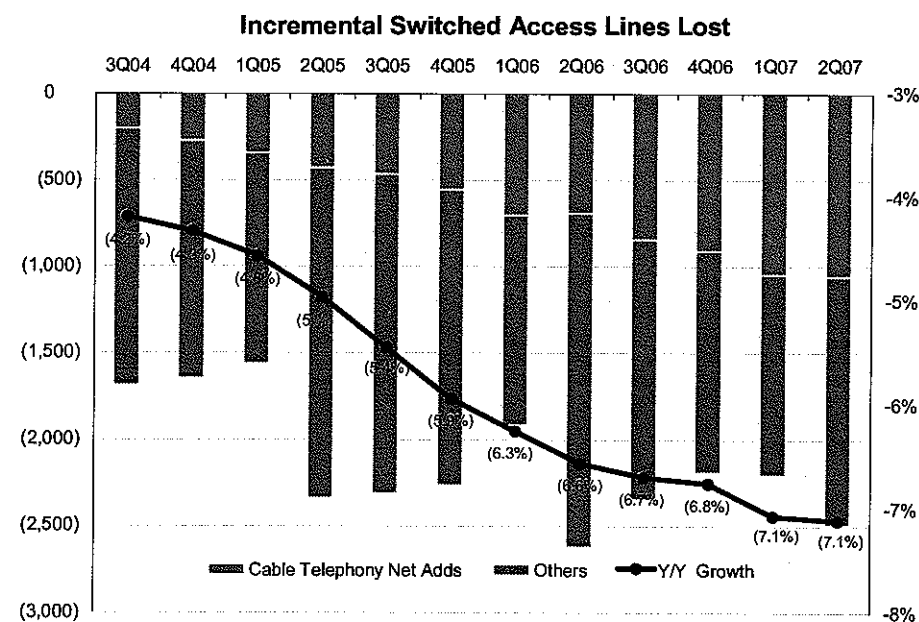
Increasing Wireless Footprint –90 Million Covered POPs Today; 180 Million Covered POPs by 2009

New Markets for Leap and Metro PCS		
2007	2008/2009	
Los Angeles Raleigh / Durham Rochester Charleston	New York Boston Philadelphia	Chicago Washington, D.C. / Baltimore Las Vegas

Source: Company data, Morgan Stanley Research

Exhibit 10

Majority of Lines Loss Coming from Households Cutting the Cord on their Main Line

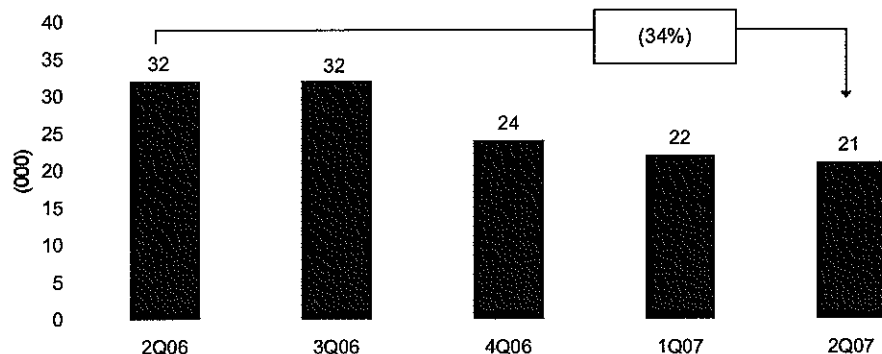


- Line loss is at 7.1% Y/Y, and has increased sequentially after showing signs of improvement in the last year.
- Primary residential line loss accounted for 42.3% of the 9.2 million lines lost in the past year.

Source: Company Data and Morgan Stanley Research, Note: Data shown for VZ, T, and Q

Exhibit 11

CBB: Declining Gross Adds Driving Line Loss



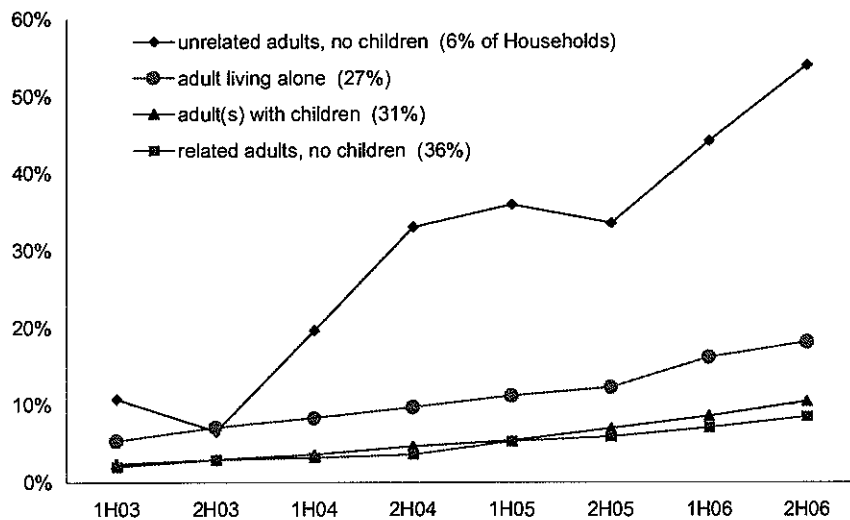
- Cincinnati Bell, among other carriers, cites declining gross adds as a greater threat to line loss than disconnections
- In light of this trend, Cincinnati Bell's efforts are focused on new wireless strategies in wireless like CBB Home Run, which uses UMA technology.

Source: Company Data, Morgan Stanley Research

Who Is Cutting the Cord?

Exhibit 12

Roommates Lead the Way

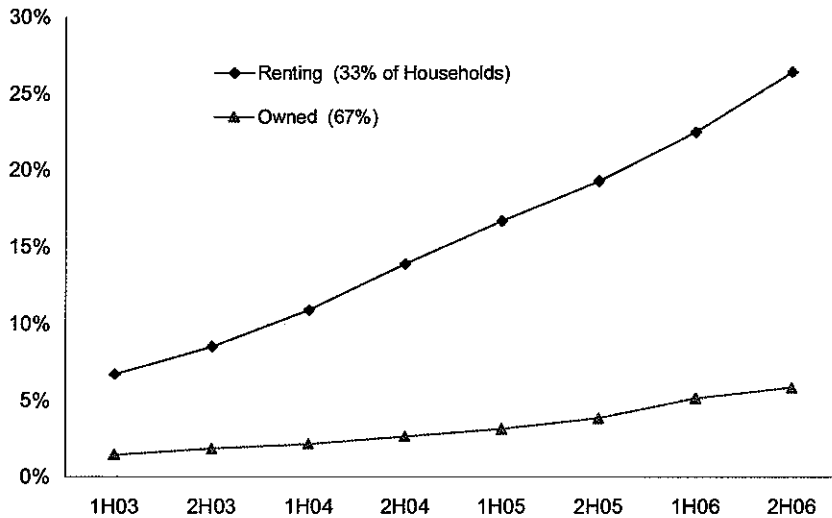


- Unrelated adults far surpass any other household structure of wireless-only households.
- We feel that this correlates with the high percentage of under-30 adults that also live in wireless-only HH (see Exhibit 14)

Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, American Community Survey 2003-2006; US Census Bureau, Morgan Stanley Research

Exhibit 13

Renters Are Five Times More Likely to Cut the Cord than Owners

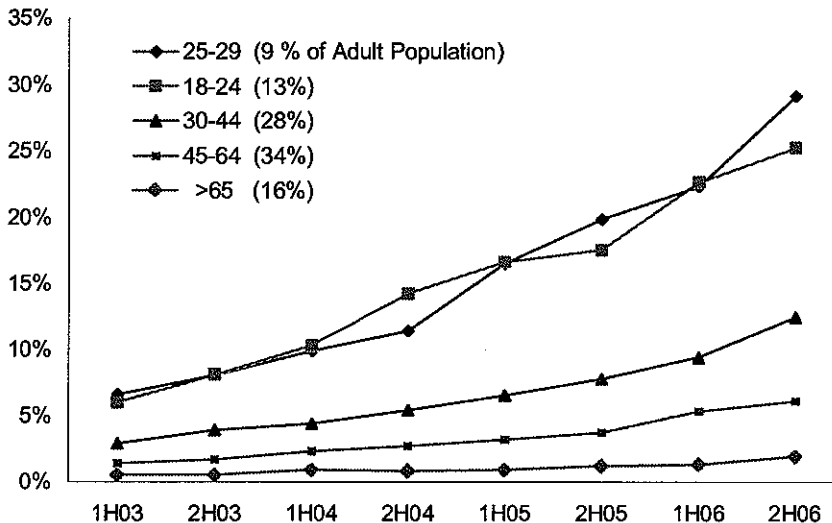


- More and more renters have opted for wireless substitution; 26.4% of renters live in wireless-only households.
- Owning one's home has led to less substitution, although the number of owners in wireless-only homes has increased.

Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, American Community Survey 2003-2006; US Census Bureau, Morgan Stanley Research

Exhibit 14

Wireless Substitution Is Trendy Among Young Adults

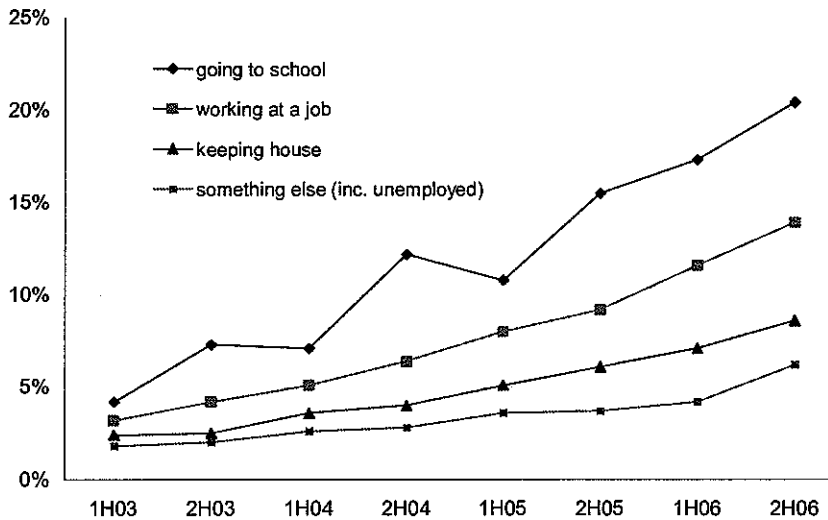


- Wireless substitution is apparent and growing in all age ranges, but adults under 30 have noticeably more wireless-only HH than the rest of the population
- This bodes well for LEAP, which has 52% of its customers under the age of 35.

Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, American Community Survey 2003-2006; US Census Bureau, Morgan Stanley Research

Exhibit 15

Increased Substitution in All Professions

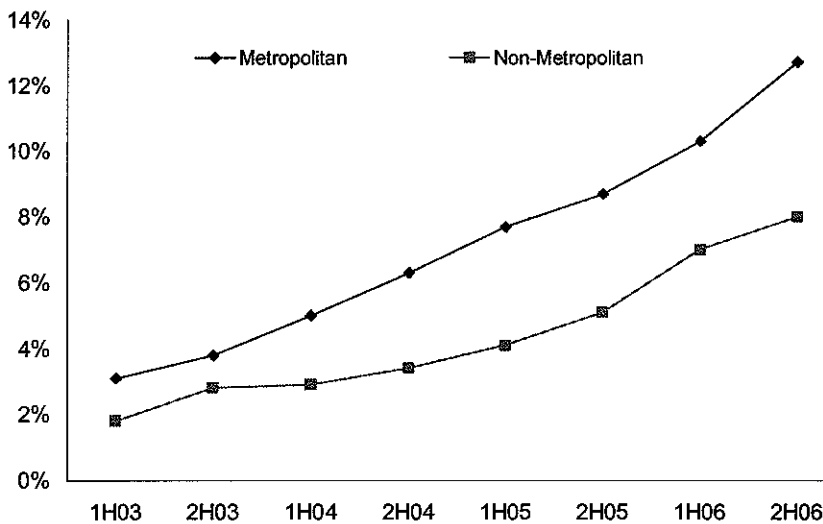


- A growing trend in wireless-only households is evident in the collegiate population.

Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, Morgan Stanley Research

Exhibit 16

Rural Wireless-Only HH Growing Steadily but Still Lags Behind

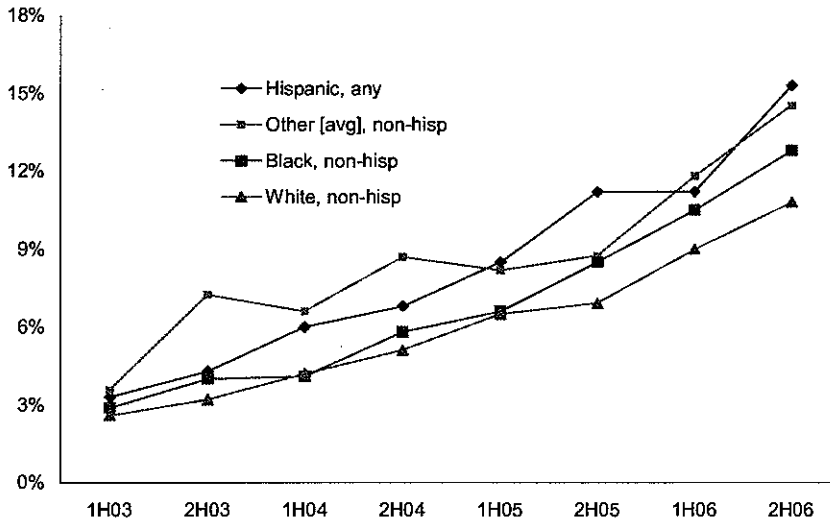


- Of those that live in metropolitan areas, 12.7% rely on wireless-only at home.
- We also note that metropolitan areas are typically three years ahead of rural markets.

Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, Morgan Stanley Research

Exhibit 17

Limited Dispersion between Ethnic Groups

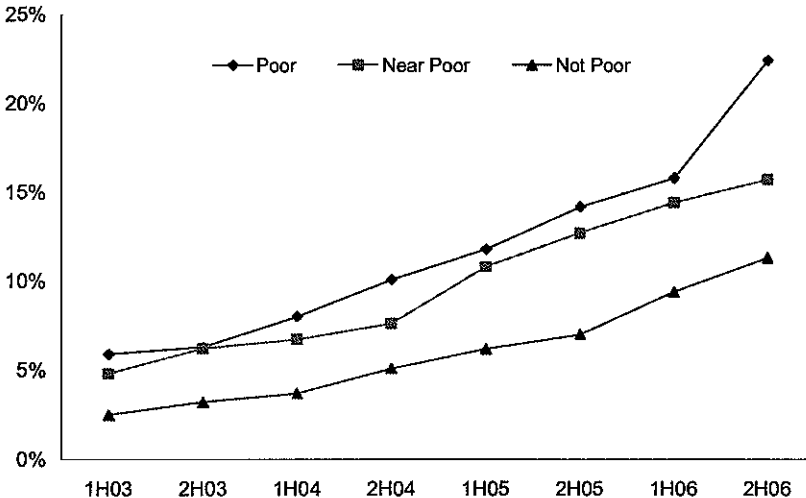


- While Hispanics lead the race in wireless-only households, all races are increasing substitution.

Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, Morgan Stanley Research
Poor = below the poverty line established by the US Census Bureau, Near Poor = 100% - 200% above the poverty line; Not Poor: greater than 200% of the poverty line


Exhibit 18

Wireless-Only HH Picks Up Steam Regardless of Poverty Status



- Wireless-only households are a growing trend among lower income households.
- This is a positive note for both PCS and LEAP. Leap, in particular, has 79% of its customer base from consumers that earn less than \$50,000/yr.

Source: CDC - Wireless Substitution: National Health Interview Survey, July - December 2006, Morgan Stanley Research
Poor = below the poverty line established by the US Census Bureau, Near Poor = 100% - 200% above the poverty line; Not Poor: greater than 200% of the poverty line
Leap Wireless International, Inc - Bank of America 2007 Annual Investment Conference

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(as of August 31, 2007)

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Overweight/Buy	934	41%	321	43%	34%
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Underweight/Sell	333	15%	92	12%	28%
Total	2,282		741		

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Company (Ticker)	Rating (as of)	Price (09/26/2007)
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AMDOCS (DOX.N)	E (12/18/2006)	\$35.98
American Tower Corp. (AMT.N)	O-V (09/17/2007)	\$42.93
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PAETEC Holding Corp. (PAET.O)	O (05/24/2007)	\$12.86
SAVIS Inc. (SVVS.O)	O (01/30/2007)	\$37.5
SBA Communications (SBAC.O)	O (10/05/2005)	\$35.27
TELUS Corp. (TU.N)	E (09/08/2006)	\$55.85
Time Warner Telecom Inc. (TWTC.O)	O (03/27/2006)	\$22.47
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Alltel Corporation (AT.N)	E (03/08/2006)	\$69.8
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CenturyTel (CTL.N)	E (08/01/2006)	\$46.05
Cincinnati Bell Inc. (CBB.N)	E-V (11/03/2006)	\$5.09
Citizens Communications (CZN.N)	E (05/07/2007)	\$14.32
Clearwire Corporation (CLWR.O)	E-V (07/27/2007)	\$24.5
Embarq Corporation (EQ.N)	E (02/09/2007)	\$59.77
FairPoint Communications (FRP.N)	++	\$19.17
Iowa Telecom (IWA.N)	U (04/17/2006)	\$19.95
Leap Wireless (LEAP.O)	O-V (04/28/2006)	\$79.78
MetroPCS Communications (PCS.N)	E-V (05/29/2007)	\$26.99
Qwest Communications Int'l (Q.N)	E (08/02/2007)	\$9.3
Rogers Communications, Inc. (RCIb.TO)	O (04/27/2005)	C\$45.5
Sprint Nextel Corporation (S.N)	U (02/24/2004)	\$18.7
Telephone & Data Systems (TDS.A)	E (09/21/2007)	\$68.2
US Cellular Corporation (USM.A)	E-V (08/13/2003)	\$97.96
Verizon Communications (VZ.N)	E (01/19/2005)	\$44.48
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